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INFO RUEKJCS/SECDEF WASHDC PRIORITY
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 04/26/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 25

NIHON KEIZAI (Page 2) (Full)
April 26, 2006

09:01

Attended a Cabinet meeting in the Diet building. Chief Cabinet Secretary Abe and JDA Director General Nukaga stayed behind.

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09:24

Arrived at Kantei.

10:00

Reported to the Emperor in private.

11:00

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Met at Kantei with Swedish Ambassador Lindstrom and others. Followed by Lower House Foreign Affairs Committee Chairman Harada.

14:30

Met Abe.

15:05

Met former US State Secretary Kissinger and others. Later, met Foreign Ministry Deputy Director General Nishida, African Affairs Deputy Director General Otabe, and others.

16:50

Met Science and Technology Policy Minister Matsuda and others.

17:07

Met Education, Culture, Sports, Science and Technology Minister Kosaka. Attended a meeting of the Science and Technology Conference.

18:49

Attended a launch party of the Hachisann kai, a group of the first-term Lower House members of the LDP at the Hotel New Sanno.

19:22

Met New Komeito head Kanzaki, Secretary General Takebe, Abe, and others at Kantei.

4) Koizumi government marks 5th anniversary; Reform policy promoted economic recovery but public remains concerned about the future

MAINICHI (Page 1) (Full)
April 26, 2006

The government of Prime Minister Junichiro Koizumi today celebrates its fifth anniversary. The government's view is that since it has been working on deregulation under the slogan of promoting structural reforms, the Japanese economy is now being pulled back from the brink of a deflationary spiral, but it insists that a social divide has not been created. However, people are increasingly concerned about the "negative effects" of reform, such as the rapidly falling birthrate and rising crime.

Koizumi categorically told reporters yesterday:

"I destroyed the forces that relied on support organizations and protected certain vested interests. I'm the first Liberal Democratic Party member who became prime minister without support from the largest faction called the Tanaka, Takeshita and now Tsushima faction. I broke down the party's traditional faction-

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based politics and faction-centered personnel appointments."

He also stressed: "Criticism of the social gap is a reflection of criticism of the Koizumi government. For anti-Koizumi forces these phrases are the easiest ones to use."

The Koizumi government still garners almost 50% of the public's support. The prime minister remains influential in the upcoming party presidential race. The economy, which slowed down soon after he took office, is now firmly on a recovery path. Most economic indicators have turned upward.

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Looking at other indicators, however, there are outstanding negative aspects, as well, including the declining birthrate and rising crime (excluding burglaries and violations of traffic rules) that could shake the social foundation.

The number of Self-Defense Forces personnel dispatched to overseas missions increased to 1,440 (as of April 1) from zero when the Koizumi government was inaugurated. The position of the SDF has greatly changed from that before Koizumi assumed the prime ministership.

5) Poll: 42% feel worse off, 18% well off

ASAHI (Page 1) (Full)
April 26, 2006

The Asahi Shimbun conducted a telephone-based public opinion survey across the nation on April 22-23, in which respondents were asked to give their overall ratings for the Koizumi cabinet over the past five years since coming into office. Asked if the Koizumi cabinet has done well to date, 46% answered "yes," with 21% saying "no." Respondents were also asked about their circumstances over the past five years. In response, 42% answered that they were worse off than five years ago, with 18% feeling better off. There was a split of opinion among those who answered that they were worse off than five years ago when they were asked if that was because of the Koizumi cabinet's policy measures.

In addition to overall ratings for the Koizumi cabinet's performance, respondents were further asked to evaluate its economic policy, administrative reform, and social security policy. Among positive ratings, administrative reform, such as postal privatization, topped at 52%, followed by economic policy at 36%. Social security policy, such as pensions, ranked last at 16%, with foreign policy second lowest at 27%.

In the survey, respondents were asked if they were better off than five years ago. In response, "yes" accounted for about 30% among those in their 20s and also among those in their 30s. Among those in their 50s and over, however, "yes" accounted for only 10% or so. Those in the upper age brackets were more pessimistic than those in younger generations.

Those worse off than five years ago were also asked if they thought that was because of the Koizumi cabinet's policy measures. In response to this question, they were split in opinion, with 43% saying "yes" and 45% saying "no." Broken down into age brackets, "yes" went up with generations. Among those in their 60s and over, "yes" rose up to around 60%. This shows that many of those in the upper age brackets feel worse off than before due to the Koizumi cabinet's structural reforms.

Those better off were also asked with the same question. In response, "yes" accounted for 29%, with "no" at 64%. Even among those who positively rated the Koizumi cabinet's economic policy, "yes" accounted for 42%, with "no" at 49%.

6) Abe leads post-Koizumi race at 45%, Fukuda levels off

ASAHI (Page 4) (Full)
April 26, 2006

"Who do you think is appropriate for the next prime minister?" In response to this question asked in a recent Asahi Shimbun poll, Chief Cabinet Secretary Shinzo Abe topped all other post-Koizumi candidates at 45%, followed by former Chief Cabinet Secretary Yasuo Fukuda at 20%, Foreign Minister Taro Aso at 4%, and Finance Minister Sadakazu Tanigaki at 3%.

In the survey this time, respondents were asked to pick one from among four ruling Liberal Democratic Party lawmakers and others. Last month, Abe ranked top at 47%, with Fukuda standing at 20%, Aso at 5%, and Tanigaki at 4%. Abe slipped in the latest survey, but Fukuda stayed flat. The gap between the two has shrunk only a little.

Among those respondents who gave positive evaluation to the Koizumi cabinet over the past five years since the prime minister came into office, Abe was most popular with 55%, followed by Fukuda with 18%. Among those negative about the Koizumi cabinet's performance, however, Fukuda stood at 26%, with Abe at 23%.

7) Prime Minister Koizumi seeks to check "Koizumi's children" -- freshman class in the Diet -- saying, "You don't listen to what I say"

MAINICHI (Page 5) (Full)
April 26, 2006

The new lawmakers of the Liberal Democratic Party (LDP), who were elected to the Diet in last fall's House of Representatives election, yesterday held a fund-raising party at a Tokyo hotel in which they celebrated the publication of a book "UBUDAS 83 LDP First-Term Lower House Members' Directory." The fresh lawmakers call themselves "Hachisan Kai" or "Group of 83."

Prime Minister Junichiro Koizumi, who was invited to the party, gave a speech, "You are called Koizumi's children, having been elected to the Diet. Children now days don't obey their parents. You are Diet members. I understand that you, too, don't listen to what I say." He sought to check Hachisan members' recent moves such as entering factions and formation of study groups. The party was very well attended by about 300 persons, including LDP Secretary General Tsutomu Takebe.

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8) Scholars and others in US clamor for Prime Minister Koizumi to give speech before US Congress; If so, would be the first by a Japanese premier in 45 years; Good chance to publicize the alliance

SANKEI (Page 7) (Excerpts)
April 26, 2006

By Eiro Kesen in Washington

With coordination continuing for Prime Minister Junichiro Koizumi to visit the United States in late June, US scholars and others are calling for the Prime Minister at the same time to give a speech before the US Congress. There has not been a speech by a Japanese premier before the Congress in 45 years, the last one given by Prime Minister Hayato Ikeda. Given the personal friendship between Koizumi and President Bush, the view is for the Prime Minister to make such a speech to impress domestic and

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foreign audiences with the importance of the Japan-US alliance.

Kent Calder, director of the Reischauer East Asia Research Center, said: "President Bush in 2002 gave a speech before the Japanese Diet. If Prime Minister Koizumi gives a speech, it would not only stress the importance of the US-Japan relationship, it

would also impress the American public with the difference between that and US-China ties."

Former Ambassador to the US Armacost said, "It is a good idea," expressing his hope that the timing could be worked out with the Congress. Michael Green, former senior Asia director at the National Security Council, stated: "If there is an obstacle to it, it would be the problem of restarting US beef exports to Japan, as well as whether the Congress is in session. But given Japan's good image now, the members of Congress would likely welcome the speech."

9) Prime Minister Koizumi meets for first time with Henry Kissinger

MAINICHI (Page 5) (Full)
April 26, 2006

Prime Minister Junichiro Koizumi met yesterday at his office with former US Secretary of State Henry Kissinger. It was the first meeting between Koizumi and Kissinger, who is now visiting Tokyo to attend a private-sector-sponsored conference of experts from Japan, the United States and Europe. Kissinger told reporters after the meeting, "The topic of our conversation was friendly relations between Japan and other Asian countries."

10) Former Chief Cabinet Secretary Fukuda reveals plan to craft Asia policy, expressing eagerness to run for LDP presidency

MAINICHI (Page 1) (Full)
April 26, 2006

Former Chief Cabinet Secretary Yasuo Fukuda of the Liberal Democratic Party revealed a plan yesterday to formulate a new Asia policy based on the "Fukuda doctrine," proposed in August 1977 by the late Prime Minister Takeo Fukuda, his father, as basic policy toward Southeast Asia. Fukuda revealed the plan in his speech yesterday in Tokyo. He also criticized Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine. Although he did not mention the LDP presidential election in September, for former chief cabinet secretary is believed to have expressed his eagerness to run in the race by announcing his plan to revamp Japan's Asia policy.

Fukuda announced his plan to come up with a new Asia policy based on the rise of China and a move to launch the East Asian Community, saying:

"We cannot use the same doctrine which is already 30 years old. Japan now has the foundation for forging heart-to-heart relations (owing to the doctrine), and we need to add another floor to it."

Fukuda also rapped Koizumi's Yasukuni visits, stating:

"The same person visited the shrine over and over again. He initially didn't explain (that he visited there in his private

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capacity), but he now insists on it. It's a problem."

Fukuda underlined the need to improve relations with China and South Korea.

Although he is regarded as one of the contenders for the LDP presidency, Fukuda brushed aside the rumor as a creation by the media. But he did not deny the possibility of his candidacy, saying:

"Prime Minister Koizumi didn't come forward until a month before (the presidential election). The same was true with former prime ministers Ryutaro Hashimoto and Keizo Obuchi."

11) Prime Minister rebuts criticism of visits to Yasukuni Shrine: "China and South Korea may feel regret"

NIHON KEIZAI (Page 2) (Full)

April 26, 2006

In reference to the fact that China and South Korea have cut off top-level meetings in reaction to his visits to Yasukuni Shrine, Prime Minister Junichiro Koizumi told reporters at his official residence yesterday: "I think they (China and South Korea) will regret it sometime in the future." Asked about a time when summits could be resumed, Koizumi replied: "It will take time because they need to save their honor."

12) Government aims to separate Takeshima issue during EEZ talks in response to South Korea's hard-line position

NIHON KEIZAI (Page 2) (Full)
April 26, 2006

South Korean President Roh Moo Hyun outlined a hard-line stance toward Japan in a special speech yesterday. By separating the issue of sovereignty over the Takeshima (Dokdo) islets from other issues, Tokyo would like to somehow find common ground with Seoul in the planned bilateral talks on demarcating their exclusive economic zones (EEZ) in May. The president, though, said: "To our people, Dokdo is a symbol of complete restoration of sovereignty." Both sides are expected to clash head-on from the beginning of the talks.

In a press briefing yesterday, Chief Cabinet Secretary Shinzo Abe said: "Although a gap exists in both sides' positions, we will aim to reach an amicable settlement in a cool-headed manner" in the EEZ talks.

Under the Japan-South Korea fisheries agreement that came into effect in 1999, fishing grounds near Takeshima are defined as provisional waters controlled jointly by the two countries. But Japanese fishing boats are not allowed to engage in fishing operations as they like. Vice Foreign Minister Shotaro Yachi welcomes the resumption of EEZ negotiations, saying: "If a borderline is set, an EEZ will be made clear."

South Korea is expected to take a stern attitude in the upcoming talks. In the special speech, President Roh said that South Korea "will reconsider in full scale" its response to the Takeshima issue. He indicated that Seoul would link the matter to things like Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine

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and Japan's history textbooks. Some observers anticipate that South Korea would come up with a tougher position than before in the EEZ talks.

13) Senior US official unveils initiative to create venue for strategic talks between NATO, Japan

YOMIURI (Page 2) (Full)
April 26, 2006

Takashi Sadahiro, Washington

Deputy Assistant Secretary of State Kurt Volker revealed on April 14 an initiative to create a venue in NATO for US partners, including NATO and Japan, to discuss strategies with countries outside the region to allow them to deal flexibly and jointly with international crises and conflicts.

Secretary of State Condoleezza Rice will propose the vision at

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the NATO informal foreign ministerial conference to be held in Bulgaria April 27-28 with the aim of reaching an agreement at the NATO summit in November. Foreign Minister Taro Aso is expected to discuss cooperation with NATO during his May 4 visit to the NATO headquarters in Brussels.

14) Japan's share of Guam relocation cost to drop to 57.6% with 420 million dollars saved by utilizing private-sector capital

YOMIURI (Page 2) (Full)
April 26, 2006

Japan and the US agreed on 10.27 billion dollars (1.14 trillion yen at the exchange rate used for the fiscal 2006 budget) as the total cost of relocating Okinawa-based Marines to Guam as part of the realignment of US forces in Japan. But this amount will decrease to 9.85 billion dollars (1.934 trillion yen) because the cost of constructing housing for the families of the troops will save 420 million dollars (46.6 billion yen) by utilizing private-sector capital. Japan's share of the total cost thus will be reduced to 57.6% or 5.67 billion dollars (629.4 billion yen), according to government sources yesterday.

Under the agreement reached between Japan and the US on April 23, Japan's share is 59.3% or 6.09 billion dollars (676 billion yen) of the total relocation cost. Of the amount, 2.55 billion dollars (283 billion yen) is to finance the construction of housing for families. Both sides have agreed that the 2.55 billion dollars will be broken down into: (1) the government's investment of 1.5 billion dollars (166.5 billion yen) in a special-purpose company through the Japan Bank for International Cooperation (JBIC); (2) 630 million dollars (69.9 billion yen) in loans offered by the JBIC and other institutions; and (3) 420 million dollars as the saved portion.

When he met US Defense Secretary Rumsfeld on April 23, Defense Agency Director General Nukaga requested that agreement should be reached on an amount that excluded the 420 million dollars. But the US reportedly asked Japan to include that portion because it would find it easier to obtain approval from the Congress if Japan's share is set higher, and Japan accepted the request.

15) Guam relocation cost: Major difficulties lie ahead over

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fiscal resources; Finance Ministry, Defense Agency; Confrontation inevitable over spending cut policy

ASAHI (Page 2) (Full)
April 26, 2006

A number of difficulties have emerged regarding the fiscal resources to fund Japan's share of the cost of relocating US Marines in Okinawa to Guam, which totals 6.09 billion dollars. The Finance Ministry (MOF) plans to press ahead with sweeping cuts in expenditures, premised on the need to hike taxes. MOF intends to call on the Defense Agency (JDA) to cut expenditures in other areas so that the overall defense budget will not expand. The JDA is bound to oppose such a proposal. The government is now trying to scale down the overseas financing sector of the Japan Bank for International Cooperation (JBIC) as part of efforts to reform its policy financing. At such a time, it is questionable to let that bank extend a huge loan to the US.

Meeting the press after a cabinet meeting yesterday, Finance Minister Tanigaki took the view that a possible cut in "sympathy budget" allocations to US forces in Japan (232.6 billion yen in fiscal 2006), while bearing the cost of relocating Marines to Okinawa, should be looked into. He noted, "Due to the severe fiscal condition, we must discuss this problem, including host nation support, as well."

Vice Finance Minister Hosokawa on April 24 also advocates a policy of not creating a separate budget framework for covering the Guam relocation cost, noting, "The relocation cost should basically be regarded as defense-related expenditures."

In its share of the relocation cost, the Japanese government will pay 2.8 billion dollars or approximately 320 billion yen at government expense. Provided that the relocation takes seven to eight years, an annual budget allocation of 40 to 50 billion yen will become necessary on average. The defense budget for fiscal 2006 is approximately 4.8 trillion yen. Mandated payments due this year for past purchases of vessels and aircraft and other obligatory expenses, such as personnel expenses, command 80% of

the entire defense budget, leaving little room for spending cuts. The fuel procurement cost has also been increasing due to the rise in crude oil prices.

If the US Marines on Okinawa move to Guam, Japan's host nation support expenses will decrease. However, in order to substantially cut these, it is necessary to review the special measures agreement. It is unlikely that the US side will easily agree to do so.

Many challenges exist in extending the 1.79 billion dollars (approximately 200 billion yen) as well. The JBIC, which is expected to serve as a vehicle in extending such loans, ended its loan extension business targeting advanced industrialized countries in fiscal 2002. Its operations now focus on services for developing countries. Chances are that if loans to the US are to be extended through the JBIC, it would be necessary pass new legislation.

The government has introduced an administrative reform bill, including the integration of government-affiliated financial institutions, to the current Diet session. Since extending loans

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for the relocation of US Marines is contrary to that policy, the issue will likely be pursued during deliberations on that bill.

16) Sagamihara mayor to accept final report on USFJ realignment

TOKYO SHIMBUN (Page 1) (Full)
April 26, 2006

Japan and the United States are expected to shortly wrap up their intergovernmental talks over the realignment of US forces in Japan and release a final report. Meanwhile, Defense Agency Director General Fukushima Nukaga yesterday met with Isao Ogawa, mayor of Sagamihara City, Kanagawa Prefecture, and told the mayor that the United States would return an additional area of about two hectares for railway and road use in Sagami Depot, a US Army facility covering a total area of 214 hectares.

The Japanese and US governments talked about a plan to make joint use of that two-hectare land portion but then decided to return it to the city at its strong request. In response, the city is expected to accept the final report. The United States, which has already agreed to return 15 hectares in the depot, will return a total of 17 hectares.

The city has also claimed some other US military areas, including a road on the eastwardly rim of a housing area in the city and a peripheral road along a golf course in Camp Zama stretching in the cities of Zama and Sagamihara. The Japanese and US governments will talk about their reversion in their bilateral joint committee.

The United States has plans to revamp the US Army's 1st Corps and move its command functionality to Camp Zama. In the meantime, the Defense Agency also has plans to set up the Central Readiness Command (CRC) in the Ground Self-Defense Force and locate CRC headquarters at Camp Zama. However, the mayor positively evaluated the government's response, saying, "We could generally talk about our requests for the time being." With this, the mayor implied that the city would have no choice but to accept the new US Army command since the Japanese and US governments are scheduled to release the final report soon.

17) Five Okinawa opposition parties against US force realignment to join efforts for November gubernatorial race

MAINICHI (Page 2) (Full)
April 26, 2006

Representatives of five opposition parties in Okinawa -- Minshuto (Democratic Party of Japan), Japanese Communist Party, Social Democratic Party, Jiyu Rengo, and Okinawa Social Mass Party -- met yesterday and confirmed the policy to oppose US force

realignment and join efforts for the November gubernatorial election. They will discuss how to determine their candidate at a later date.

The five parties also searched for ways to join efforts in the 2002 gubernatorial race, but their efforts to determine their candidate ended in failure. As a result, Keiichi Inamine, who was backed by the Liberal Democratic Party and New Komeito, won his reelection. Inamine has been mum regarding whether to seek his third term.

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18) US re-inspecting meatpacking facilities; When completed, will enter talks with Japan to resume US beef exports

ASAHI (Page 12) (Excerpts)
April 26, 2006

The Ministry of Agriculture, Forestry and Fisheries (MAFF) has revealed that the US government on April 24 local time began to re-inspect facilities in the United States that export beef to Japan. Word of that came from the US Embassy in Tokyo. Since carrying out a re-inspection was promised by the US late last month at a meeting of Japanese and US government experts, the move is seen as an important procedure leading to the resumption of imports of US beef into Japan.

In addition to the US' promise at the experts' meeting to re-inspect the meat-packing facilities, the Japanese government decided to hold meetings with consumers to exchange views on resumption of US beef imports. The meetings that were held in 10 places across the country came to an end on April 24.

As soon as the re-inspections are completed, expected to be in two weeks or so, the Japanese and US governments plan to meet again and discuss the specific process for restarting US beef imports. According to MAFF, there have been consultations three times on what points to re-inspect at the export facilities in question.

DONOVAN